

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01
FEA-01 /111 W
-----035347 220024Z /72

R 201814Z OCT 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 2658
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS BRUSSELS 14584

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: ISOGLUCOSE--EC MANUFACTURER APPEALS TO EUROPEAN
COURT OF JUSTICE

REF: (A) EC A-236, (B) EC A-340

1. THE BELGIAN COMPANY AMYLUM AND THE LONDON-BASED (AT
TILBURY) SUBSIDIARY OF THE DUTCH FIRM KONINKLIJKE
SCHOLTEN-HONIG (KSH) HAVE APPEALED TO THE EUROPEAN COURT
OF JUSTICE (ECJ) AGAINST THE COUNCIL AND THE COMMISSION
REGARDING RECENT MEASURES ON ISOGLUCOSE TAKEN BY THE EC
(REFAIRS). THESE MEASURES IN PRINCIPLE WOULD INSURE THAT
BEET AND CANE SUGAR PRODUCTION WOULD NOT BE SUBJECT TO
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UNFAIR COMPETITION FROM SUGAR OBTAINED FROM THE PROCESSING
OF CERTAIN CEREALS.

2. A CONTACT AT AMYLUM HAS INFORMED US THAT THEIR MAJOR
ARGUMENT IS THAT THE PRODUCTION LEVY NOW BEING ASSESSED
(5 U.A./100 KG. FOR ISOGLUCOSE AND 9.85 U.A./100 KG. FOR
SUGAR PRODUCED FROM CANE OR BEETS) DISCRIMINATES AGAINST

PRODUCERS OF ISOGLUCOSE. ISOGLUCOSE PRODUCERS ARE CURRENTLY REQUIRED TO PAY THE 5 U.A./100 KG. ON THEIR TOTAL PRODUCTION. SUGAR PRODUCERS, ON THE OTHER HAND, WHILE PAYING A HIGHER TAX PER 100 KG. OF SUGAR PRODUCED, ARE ASSESSED THIS TAX ONLY ON QUOTA B PRODUCTION. THIS IN EFFECT, IT IS ARGUED, MAKES THE TAX ON ISOGLUCOSE PRODUCTION DISPROPORTIONATELY HIGHER THAN THAT ON SUGAR. THUS, ACCORDING TO ISOGLUCOSE PROCESSORS, THE EC POLICY OF BRINGING EQUALITY TO THE TWO SECTORS HAS BEEN CIRCUMVENTED IN FAVOR OF BEET AND CANE SUGAR PRODUCERS AND AS SUCH DOES NOT MEET THE OBJECTIVES OF NON-DISCRIMINATION AMONG PRODUCERS AS SET FORTH IN ARTICLE 39 OF THE TREATY OF ROME. IT WAS ALSO POINTED OUT THAT BECAUSE THE SUGAR QUOTAS ARE SET AT RELATIVELY HIGH LEVELS, A NUMBER OF MEMBER STATES DO NOT EXCEED THEIR A QUOTA ALLOTMENTS AND PRODUCERS CONSEQUENTLY ARE REQUIRED TO PAY NO PRODUCTION TAX AT ALL.

3. IN ADDITION, AMYLUM IS ALSO ASKING THE ECJ FOR A FINDING FOR DAMAGES OF 777 MILLION BELGIAN FRANCS ON THE BASIS THAT THE RECENT EC LEGISLATION HAS CREATED A MARKET CONDITION WHEREBY THEY ARE UNABLE TO EFFICIENTLY UTILIZE PRESENT ISOGLUCOSE PRODUCTION CAPACITY.

4. AN OFFICIAL OF THE SUGAR DIVISION IN THE COMMISSION'S AGRICULTURAL DIRECTORATE GENERAL SAID THAT THE COMMISSION UNCLASSIFIED

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CONTINUES TO MAINTAIN THAT THE LEVY ON ISOGLUCOSE PRODUCTION IS NOT UNFAIR TO MANUFACTURERS BECAUSE THE TAX FOR ISOGLUCOSE PRODUCTION IS ONLY ONE HALF OF THAT ASSESSED PRODUCERS OF BEET AND CANE SUGAR AND, FURTHERMORE, SUGAR PRODUCERS MUST CONTEND WITH A QUOTA, WHILE ISOGLUCOSE PRODUCERS ARE FREE OF SUCH CONSTRAINTS. HINTON

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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